



Brussels, 11 October 2024  
(OR. en)

14325/2/24  
REV 2

ENER 495

## INFORMATION NOTE

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From:	General Secretariat of the Council
To:	Council
Subject:	Any other business Biofuels supply from palm oil derivatives and fraud prevention - Information from Ireland, Belgium, Germany and The Netherlands

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In view of the Transport, Telecommunications and Energy Council on 15 October 2024, delegations will find in Annex an information note from Ireland, Belgium, Germany and The Netherlands on the above-mentioned subject.

**AOB Energy Council – 15 October 2024***Biofuels supply from palm oil derivatives and fraud prevention***Background paper from Ireland, Belgium, Germany and The Netherlands**

The Renewable Energy Directive in promoting sustainable renewable energy in transport (Article 26 of Directive 2023/2413) limits the amount of biofuel, bioliquid or biomass produced from food and feed crops considered high-risk in terms of indirect land-use change, to limit the negative impact of expansion of the production area into land with high-carbon stock. Member States are required to cap at 2019 levels the share of consumption of biofuel, bioliquid and biomass from high-ILUC risk feedstock, such as palm oil, unless the products have been certified as low-risk.

Furthermore, while the Directive requires that there will be no high-ILUC-risk palm oil supply in the EU by the 31st of December 2030, some Member States have decided to adopt a shorter timeframe with either an earlier phase out period or a complete ban on supply in their territory.

However, waste from the production of palm oil - palm oil mill effluent (POME) and empty palm fruit bunches, is a feedstock suitable for the production of advanced biofuels and is included in Annex IX, Part A of the Renewable Energy Directive 2023/2413, receiving double counting towards achievement of the advanced biofuel target under Article 25 of this Directive. These incentives have already seen a steady increase in the supply and consumption of POME derived biofuels.

Preliminary indications that the total reported consumption of POME derived biofuels supply in the European Union last year relative to the estimated global physical production potential of this type of biofuel are a cause for concern and will require more in-depth analysis by the Commission and the appropriate authorities within Member States.

The EU obligated fuel suppliers rely upon the declared sustainability of these products within the EU biofuel certification regime to support their compliance with Directive. Without prejudice to the outcome of this further analysis, there are potential implications for the viability and further development of European advanced biofuel production and in terms of the overall achievement of the "Fit for 55" objectives which will need to be considered.

We would like to call on the European Commission to conduct further analysis to take account of these concerns raised about POME and other palm oil derivatives in EU biofuel supply within the scope of investigation of potential fraud with imports of biofuels and to take appropriate measures.

Furthermore, we would like to call on all Member States to cooperate together and with the Commission in sharing data and analysis to understand these production and consumption patterns, and in developing and implementing measures to prevent fraud. This could include pre-emptively considering a limit or restriction on the total amount of POME-based biofuels that can be counted towards the Directive targets.